

DORSEY, KING, GRAY, NORMENT & HOPGOOD

ATTORNEYS-AT-LAW

318 SECOND STREET

HENDERSON, KENTUCKY 42420

JOHN DORSEY (1920-1986)  
FRANK N. KING, JR.  
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January 9, 2012

RECEIVED

JAN 10 2012

PUBLIC SERVICE  
COMMISSION

**VIA FEDEX**

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
211 Sauer Boulevard  
Frankfort, KY 40601

RE: Case No. 2011-00447

Dear Mr. Derouen:

Enclosed for filing is Kenergy's Notice of Filing of CoBank loan documents. We believe the loan closed on December 30, 2011, however executed copies have not been returned by CoBank.

Your assistance in this matter is appreciated.

Very truly yours,

DORSEY, KING, GRAY, NORMENT & HOPGOOD

By 

J. Christopher Hopgood  
Attorney for Kenergy Corp.

JCH/cds  
Encls.

**BEFORE THE  
KENTUCKY PUBLIC SERVICE COMMISSION**

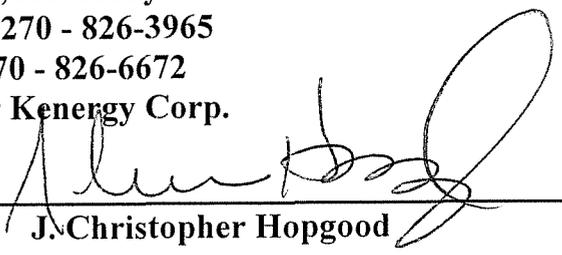
**IN THE MATTER OF THE APPLICATION            )  
OF KENERGY CORP. FOR AUTHORIZATION        )  
TO BORROW \$4,394,503 FROM CO-BANK        )  
AND EXECUTE NECESSARY NOTES AND TO        )        **CASE NO. 2011-00447**  
PREPAY RURAL UTILITIES SERVICE 5%        )  
NOTES OF THE SAME AMOUNT                 )**

**NOTICE OF FILING**

**KENERGY CORP.** states that the loan obtained from CoBank was the amount sought in the Application and Kenergy Corp. files herewith three (3) copies of the loan documents dispatched to CoBank pursuant to the Commission's order of December 21, 2011. It is believed that the loan closed December 30, 2011, although executed copies have not been returned by CoBank.

**DORSEY, KING, GRAY, NORMENT & HOPGOOD  
318 Second Street  
Henderson, Kentucky 42420  
Telephone 270 - 826-3965  
Telefax 270 - 826-6672  
counsel for Kenergy Corp.**

By \_\_\_\_\_

  
**J. Christopher Hopgood**

CoBANK, ACB

APPLICATION FOR CREDIT  
(Utility Borrowers)

Date: 12/22/11

1. NAME of Applicant: KENERGY CORP.  
2. MAILING ADDRESS P. O. Box 1389, Owensboro, Kentucky 42302  
STREET ADDRESS (if different): 3111 Fairview Drive, Owensboro, Kentucky 42303  
3. Federal TAX ID Number: 61-0210865  
4. TYPE AND AMOUNT of credit applied for (if renewal of existing lines without change in amount or change in utilization or purpose, check here [ ] and skip to item 6):

<input type="checkbox"/>	Line of credit in the amount of _____	\$ _____
<input checked="" type="checkbox"/>	New term loan in the amount of _____	\$ _____
<input type="checkbox"/>	Other (specify type and amount) Type _____	\$ _____

5. PURPOSE of credit applied for: To refinance the unpaid principal balance of the loan(s) made to the Company by the Rural Utilities Service.

6. To induce CoBank to extend the credit applied for, the applicant represents and warrants that:

- (A) To its knowledge and **EXCEPT AS DISCLOSED BELOW**, the applicant is in compliance with the terms and conditions of its agreements with CoBank, including the obligation to notify CoBank of the commencement of material litigation, of the receipt of environmental and regulatory notices and pleadings, and of other matters as required by the agreements between the parties. **DISCLOSE ANY EXCEPTIONS HERE. IF NONE, SO STATE:** \_\_\_\_\_

If more space is needed, check here [ ] and attach an additional page.

- (B) **AMENDMENTS TO BYLAWS OR OPERATING AGREEMENT.** There have been no amendments to the applicant's Bylaws or Operating Agreement since last submitted to CoBank, except as shown on the copy, certified true and correct by the applicant's corporate secretary or manager, attached hereto. **PLEASE CHECK HERE IF ANY BYLAWS OR OPERATING AGREEMENT AMENDMENTS ARE ATTACHED [ ]**.

**AMENDMENTS TO ARTICLES OF INCORPORATION OR FORMATION.** Please be advised that CoBank will order on behalf of the Applicant a certified copy of any amendments made to the Applicant's articles of incorporation or articles of organization since last submitted to CoBank and a certificate of good standing or similar type of certification from the Secretary of State for the state of incorporation or formation.

This application is subject to 18 U.S.C. 1014, which imposes criminal penalties for knowingly making a false statement to the bank.

KENERGY CORP.

(Name of Applicant)

By:

John B. Warren II  
(Authorized Signature)

Its:

Chairman of the Board

(Title)

**PROMISSORY NOTE AND  
SINGLE ADVANCE TERM LOAN SUPPLEMENT  
(RUS REFINANCE)**

**THIS PROMISSORY NOTE AND SUPPLEMENT** (this "Promissory Note and Supplement") to the Amended and Restated Master Loan Agreement dated as of August 12, 2009, (the "MLA") is entered into as of November 30, 2011 between **KENERGY CORP., Owensboro, Kentucky**, a Kentucky corporation (the "Company") and **CoBank, ACB**, a federally chartered instrumentality of the United States ("CoBank").

**SECTION 1. The Term Loan.** On the terms and conditions set forth in the MLA and this Promissory Note and Supplement, CoBank agrees to make a loan to the Company in an amount not to exceed \$4,394,503.00 (the "Commitment"). The Commitment shall expire at 12:00 noon (Company's local time) on January 9, 2012, or on such later date as CoBank may, in its sole discretion, authorize in writing.

**SECTION 2. Purpose.** The purpose of the Commitment is to refinance the unpaid principal balance of the loan(s) made to the Company by the Rural Utilities Service ("RUS") and identified on **Exhibit A** hereto (individually or collectively, the "Existing RUS Loan(s)").

**SECTION 3. Availability.** Notwithstanding Section 2 of the MLA and provided that each of the conditions precedent set forth herein and in the MLA have been satisfied, the loan will be made available to the Company on a date to be agreed upon by the parties (the "Closing Date"). The loan will be made available in a single advance by CoBank wire transferring the proceeds of the loan to RUS.

**SECTION 4. Interest.** The Company agrees to pay interest on the unpaid balance of the loan(s) in accordance with one or more of the following interest rate options, as selected by the Company:

**(A) Weekly Quoted Variable Rate.** At a rate per annum equal at all times to the rate of interest established by CoBank on the first Business Day of each week. The rate established by CoBank shall be effective until the first Business Day of the next week. Each change in the rate shall be applicable to all balances subject to this option and information about the then current rate shall be made available upon telephonic request.

**(B) Quoted Rate Option.** At a fixed rate per annum to be quoted by CoBank in its sole discretion in each instance. Under this option, rates may be fixed on such balances and for such periods, as may be agreeable to CoBank in its sole discretion in each instance, provided that: (1) the minimum fixed period shall be 180 days; (2) amounts may be fixed in increments of \$100,000.00 or multiples thereof; and (3) the maximum number of fixes in place at any one time shall be five. The Company has selected a fixed rate of 3.15% per annum through the maturity date of November 20, 2021.

The Company shall select the applicable rate option at the time it requests a loan hereunder and may, subject to the limitations set forth above, elect to convert balances bearing interest at the variable rate option to one of the fixed rate options. Upon the expiration of any fixed rate period, interest shall automatically accrue at the variable rate option unless the amount fixed is repaid or fixed for an additional period in accordance with the terms hereof. Notwithstanding the foregoing, rates may not be fixed for

periods expiring after the maturity date of the loans and rates may not be fixed in such a manner as to cause the Company to have to break any fixed rate balance in order to pay any installment of principal. All elections provided for herein shall be made telephonically or in writing and must be received by 12:00 Noon Company's local time. Interest shall be calculated on the actual number of days each loan is outstanding on the basis of a year consisting of 360 days and shall be payable monthly in arrears by the 20th day of the following month or on such other day in such month as CoBank shall require in a written notice to the Company.

**SECTION 5. Fees. INTENTIONALLY OMITTED.**

**SECTION 6. Promissory Note.** The Company promises to repay the unpaid principal balance of the loan in accordance with the schedule attached hereto as **Exhibit B**. If any installment due date is not a Business Day, then such installment shall be due and payable on the next Business Day. In addition to the above, the Company promises to pay interest on the unpaid principal balance of the loan at the times and in accordance with the provisions set forth above.

**SECTION 7. Prepayment.** Subject to the broken funding surcharge provision of the MLA, the Company may prepay all or any portion of the loan(s). Unless otherwise agreed, all prepayments will be applied to principal installments in the inverse order of their maturity and to such balances, fixed or variable, as CoBank shall specify.

**SECTION 8. Security.** The Company's obligations hereunder and, to the extent related hereto, the MLA, shall be secured as provided in the Security, Guarantee(s) and Title Insurance Section of the MLA.

**SECTION 9. Additional Conditions Precedent.** In addition to the conditions precedent set forth in the MLA, CoBank's obligation to make the loan is subject to the conditions precedent that CoBank shall have received each of the following (which, in the case of instruments and documents, must be in form and content acceptable to CoBank): (A) a copy of the Company's current, recorded mortgage with RUS, as amended and supplemented to the date hereof (the "RUS Mortgage"); (B) a copy of a payoff letter or spreadsheet from RUS setting forth, as of the Closing Date, the unpaid principal balance of the Existing RUS Loan(s), the interest accrued thereon, and any prepayment premiums, surcharges and other amounts owing to RUS for or on account of the Existing RUS Loan(s); (C) a duly completed and executed copy of the Request for Loan; (D) such evidence as may be satisfactory to CoBank that the Company has provided to RUS and to any other mortgagee under the RUS Mortgage, the Notification of Refinancing (as required by Section 2.02 of the RUS Mortgage); and (E) immediately available funds in an amount sufficient to pay all interest accrued on the Existing RUS Loan(s) through the Closing Date, together with all prepayment premiums, surcharges, and other amounts necessary to discharge all of the Company's obligations to RUS for or on account of the Existing RUS Loan(s).

**SECTION 10. Additional Affirmative Covenants.** In addition to the Affirmative Covenants set forth in the MLA, the Company agrees that: (A) if for any reason the funds remitted to RUS are insufficient to discharge all of the Company's obligations to RUS for or on account of the Existing RUS Loan(s), the Company will promptly make such additional payments to RUS as may be required to

Promissory Note and  
Single Advance Term Loan Supplement (RUS Refinance) RIML0501T23  
KENERGY CORP.  
Owensboro, Kentucky

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discharge such obligations in full; and (B) on or before the date that is 120 days after the Closing Date, the Company will: (1) obtain all required signatures on a Supplemental or Restated Mortgage (the "Supplemental or Restated Mortgage") adding this Promissory Note and Supplement as a secured note under the RUS Mortgage; (2) perfect the first priority lien on and security interest in the property described in the RUS Mortgage as supplemented or restated by the Supplemental or Restated Mortgage and provide to CoBank satisfactory evidence that the Supplemental or Restated Mortgage has been duly recorded as a mortgage on all real property, and duly filed, recorded, or indexed as a security interest in all personal property wherever CoBank shall have requested, all in accordance with applicable law; (3) furnish to CoBank recorded file stamped copies of the Supplemental or Restated Mortgage along with proof that all required taxes and fees have been paid in connection with the Supplemental or Restated Mortgage; and (4) furnish to CoBank an updated opinion of counsel (which opinion of counsel must be acceptable to CoBank).

**IN WITNESS WHEREOF**, the parties have caused this Promissory Note and Supplement to the MLA to be executed by their duly authorized officers as of the date shown above.

**CoBANK, ACB**

**KENERGY CORP.**

By: \_\_\_\_\_

By: John B. Warren II

Title: \_\_\_\_\_

Title: Chairman of the Board

Promissory Note and  
Single Advance Term Loan Supplement (RUS Refinance) RIML0501T23  
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Owensboro, Kentucky

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**EXHIBIT A**  
**To Supplement No. RIML0501T23**

**DESCRIPTION OF EXISTING RUS LOAN(S) TO BE REFINANCED**

The Existing RUS Loan(s) is/are as follows:

<b>LENDER</b>	<b>LOAN DESIGNATION</b>	<b>AMOUNT TO BE REFINANCED</b>
RUS	1B200	\$1,272,537.47
RUS	1B201	\$338.57
RUS	1B205	\$1,272,876.28
RUS	1B360	\$911,848.57
RUS	1B366	\$936,901.66

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 Single Advance Term Loan Supplement (RUS Refinance) RIML0501T23  
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 Owensboro, Kentucky

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**EXHIBIT B**  
**To Supplement No. RIML0501T23**

**REPAYMENT SCHEDULE**

<b>Aggregate Amortization</b>			
<b>Payment Date</b>	<b>Beginning Balance</b>	<b>Principal Payment</b>	<b>Ending Balance</b>
Initial Balance	\$4,394,503.00*		
1/20/2012	4,394,503.00*	31,508.67 *	4,362,994.33
2/20/2012	4,362,994.33	31,591.38	4,331,402.96
3/20/2012	4,331,402.96	31,674.30	4,299,728.66
4/20/2012	4,299,728.66	31,757.45	4,267,971.21
5/20/2012	4,267,971.21	31,840.81	4,236,130.40
6/20/2012	4,236,130.40	31,924.39	4,204,206.00
7/20/2012	4,204,206.00	32,008.20	4,172,197.81
8/20/2012	4,172,197.81	32,092.22	4,140,105.59
9/20/2012	4,140,105.59	32,176.46	4,107,929.13
10/20/2012	4,107,929.13	32,260.92	4,075,668.21
11/20/2012	4,075,668.21	32,345.61	4,043,322.60
12/20/2012	4,043,322.60	32,430.51	4,010,892.09
1/20/2013	4,010,892.09	32,515.64	3,978,376.44
2/20/2013	3,978,376.44	32,601.00	3,945,775.45
3/20/2013	3,945,775.45	32,686.58	3,913,088.87
4/20/2013	3,913,088.87	32,772.38	3,880,316.49
5/20/2013	3,880,316.49	32,858.41	3,847,458.09
6/20/2013	3,847,458.09	32,944.66	3,814,513.43
7/20/2013	3,814,513.43	33,031.14	3,781,482.29
8/20/2013	3,781,482.29	33,117.84	3,748,364.45
9/20/2013	3,748,364.45	33,204.78	3,715,159.67
10/20/2013	3,715,159.67	33,291.94	3,681,867.72
11/20/2013	3,681,867.72	33,379.33	3,648,488.39
12/20/2013	3,648,488.39	33,466.95	3,615,021.44
1/20/2014	3,615,021.44	33,554.80	3,581,466.63
2/20/2014	3,581,466.63	33,642.89	3,547,823.75
3/20/2014	3,547,823.75	33,731.20	3,514,092.55
4/20/2014	3,514,092.55	33,819.74	3,480,272.80
5/20/2014	3,480,272.80	33,908.52	3,446,364.28
6/20/2014	3,446,364.28	33,997.53	3,412,366.75
7/20/2014	3,412,366.75	34,086.77	3,378,279.98
8/20/2014	3,378,279.98	34,176.25	3,344,103.73
9/20/2014	3,344,103.73	34,265.96	3,309,837.77
10/20/2014	3,309,837.77	34,355.91	3,275,481.86

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 Single Advance Term Loan Supplement (RUS Refinance) RIML0501T23  
 KENERGY CORP.  
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11/20/2014	3,275,481.86	34,446.10	3,241,035.76
12/20/2014	3,241,035.76	34,536.52	3,206,499.24
1/20/2015	3,206,499.24	34,627.18	3,171,872.07
2/20/2015	3,171,872.07	34,718.07	3,137,153.99
3/20/2015	3,137,153.99	34,809.21	3,102,344.79
4/20/2015	3,102,344.79	34,900.58	3,067,444.21
5/20/2015	3,067,444.21	34,992.19	3,032,452.01
6/20/2015	3,032,452.01	35,084.05	2,997,367.96
7/20/2015	2,997,367.96	35,176.15	2,962,191.82
8/20/2015	2,962,191.82	35,268.48	2,926,923.33
9/20/2015	2,926,923.33	35,361.06	2,891,562.27
10/20/2015	2,891,562.27	35,453.89	2,856,108.39
11/20/2015	2,856,108.39	35,546.95	2,820,561.44
12/20/2015	2,820,561.44	35,640.26	2,784,921.17
1/20/2016	2,784,921.17	35,733.82	2,749,187.36
2/20/2016	2,749,187.36	35,827.62	2,713,359.74
3/20/2016	2,713,359.74	35,921.67	2,677,438.07
4/20/2016	2,677,438.07	36,015.96	2,641,422.11
5/20/2016	2,641,422.11	36,110.50	2,605,311.61
6/20/2016	2,605,311.61	36,205.29	2,569,106.31
7/20/2016	2,569,106.31	36,300.33	2,532,805.98
8/20/2016	2,532,805.98	36,395.62	2,496,410.36
9/20/2016	2,496,410.36	36,491.16	2,459,919.20
10/20/2016	2,459,919.20	36,586.95	2,423,332.25
11/20/2016	2,423,332.25	36,682.99	2,386,649.26
12/20/2016	2,386,649.26	36,779.28	2,349,869.98
1/20/2017	2,349,869.98	36,875.83	2,312,994.16
2/20/2017	2,312,994.16	36,972.63	2,276,021.53
3/20/2017	2,276,021.53	37,069.68	2,238,951.85
4/20/2017	2,238,951.85	37,166.99	2,201,784.86
5/20/2017	2,201,784.86	37,264.55	2,164,520.31
6/20/2017	2,164,520.31	37,362.37	2,127,157.94
7/20/2017	2,127,157.94	37,460.45	2,089,697.50
8/20/2017	2,089,697.50	37,558.78	2,052,138.72
9/20/2017	2,052,138.72	37,657.37	2,014,481.34
10/20/2017	2,014,481.34	37,756.22	1,976,725.12
11/20/2017	1,976,725.12	37,855.33	1,938,869.79
12/20/2017	1,938,869.79	37,954.70	1,900,915.09
1/20/2018	1,900,915.09	38,054.33	1,862,860.75
2/20/2018	1,862,860.75	38,154.23	1,824,706.53
3/20/2018	1,824,706.53	38,254.38	1,786,452.14
4/20/2018	1,786,452.14	38,354.80	1,748,097.34
5/20/2018	1,748,097.34	38,455.48	1,709,641.86

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 Single Advance Term Loan Supplement (RUS Refinance) RIML0501T23  
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6/20/2018	1,709,641.86	38,556.43	1,671,085.44
7/20/2018	1,671,085.44	38,657.64	1,632,427.80
8/20/2018	1,632,427.80	38,759.11	1,593,668.69
9/20/2018	1,593,668.69	38,860.86	1,554,807.83
10/20/2018	1,554,807.83	38,962.87	1,515,844.97
11/20/2018	1,515,844.97	39,065.14	1,476,779.82
12/20/2018	1,476,779.82	39,167.69	1,437,612.14
1/20/2019	1,437,612.14	39,270.50	1,398,341.63
2/20/2019	1,398,341.63	39,373.59	1,358,968.04
3/20/2019	1,358,968.04	39,476.94	1,319,491.10
4/20/2019	1,319,491.10	39,580.57	1,279,910.53
5/20/2019	1,279,910.53	39,684.47	1,240,226.05
6/20/2019	1,240,226.05	39,788.64	1,200,437.41
7/20/2019	1,200,437.41	39,893.09	1,160,544.32
8/20/2019	1,160,544.32	39,997.81	1,120,546.52
9/20/2019	1,120,546.52	40,102.80	1,080,443.72
10/20/2019	1,080,443.72	40,208.07	1,040,235.64
11/20/2019	1,040,235.64	40,313.62	999,922.03
12/20/2019	999,922.03	40,419.44	959,502.59
1/20/2020	959,502.59	40,525.54	918,977.04
2/20/2020	918,977.04	40,631.92	878,345.12
3/20/2020	878,345.12	40,738.58	837,606.54
4/20/2020	837,606.54	40,845.52	796,761.02
5/20/2020	796,761.02	40,952.74	755,808.29
6/20/2020	755,808.29	41,060.24	714,748.05
7/20/2020	714,748.05	41,168.02	673,580.02
8/20/2020	673,580.02	41,276.09	632,303.94
9/20/2020	632,303.94	41,384.44	590,919.50
10/20/2020	590,919.50	41,493.07	549,426.43
11/20/2020	549,426.43	41,601.99	507,824.43
12/20/2020	507,824.43	41,711.20	466,113.24
1/20/2021	466,113.24	41,820.69	424,292.55
2/20/2021	424,292.55	41,930.47	382,362.08
3/20/2021	382,362.08	42,040.54	340,321.54
4/20/2021	340,321.54	42,150.89	298,170.65
5/20/2021	298,170.65	42,261.54	255,909.11
6/20/2021	255,909.11	42,372.47	213,536.64
7/20/2021	213,536.64	42,483.70	171,052.94
8/20/2021	171,052.94	42,595.22	128,457.72
9/20/2021	128,457.72	42,707.03	85,750.68
10/20/2021	85,750.68	42,819.14	42,931.54
11/20/2021	42,931.54	42,931.54	0.00

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KENERGY CORP.  
Owensboro, Kentucky

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**\*The initial balance and first payment may be reduced, dollar for dollar, by the difference between the Commitment and the actual amount drawn by the Company.**

U.S. DEPARTMENT OF AGRICULTURE  
RURAL DEVELOPMENT  
ST. LOUIS, MO 63120-0011

**\*\*\*Estimated\*\*\* PAYOFF STATEMENT**

BORROWER: KENERGY CORP  
PO BOX 1389  
OWENSBORO, KY 42302  
Voice Phone No: 270-689-6139  
Fax No: 270-685-2279  
E-Mail Address: [SThompson@kenergycorp.com](mailto:SThompson@kenergycorp.com)

REQUESTED BY: Steve Thompson

REFERENCE NUMBER: 21-0065

**\*\*\*Estimated Payoff based on a 11/30/2011 payment of the 11/30/2011 normal bill \*\*\***

The following amount is required to payoff your long-term obligation for the following Rural Utilities Service (RUS) loans as of December 30, 2011

Loan Program: RET - ELECTRIC	Principal	\$	4,394,502.55
	Interest Due	\$	18,059.60
	<b>RET TOTAL DUE</b>	<b>\$</b>	<b>4,412,562.15</b>

**PAYOFF AMOUNT DUE \$ 4,412,562.15**

Failure to remit funds on the due date will result in the accrual of additional interest. Please see attached detail listing of accounts in support of the payoff amount due shown above.

Before your payoff date, please respond by fax or e-mail to confirm your final payoff amount. If applicable, delete any accounts in the detail listing you wish to not payoff and revise your total in this memo. Direct your response by fax to 314-457-4283 or 314-457-4284 or by email to [rd.dco.rus@stl.usda.gov](mailto:rd.dco.rus@stl.usda.gov).

JAMES E. JORDAN, JR.  
RUS TEAM LEADER, DIRECT LOAN & GRANT BRANCH  
RURAL DEVELOPMENT  
314-457-4045

Submitted: 12/21/2011 8:46

**REQUEST FOR LOAN**

**TO:** CoBANK, ACB  
Attention: Closing

**FROM:** KENERGY CORP.

**DATE:** December 30, 2011

**SUBJECT:** REQUEST FOR LOAN

Reference is hereby made to the Promissory Note and Single Advance Term Loan Supplement(s) (RUS Refinance) dated as of November 30, 2011, and numbered RIML0501T14 (individually or collectively, the "Note and Supplement(s)") between **KENERGY CORP.** (the "Company") and **CoBANK, ACB** ("CoBank"). All capitalized terms used herein and not defined herein shall have the meanings given to them in the Note and Supplement(s).

Pursuant to Section 9 of the Note and Supplement(s), the undersigned, a duly authorized officer of the Company, on behalf of the Company, hereby requests that CoBank make the following loan or loans (individually or collectively, the "Loan(s)") to the Company on 12/30/11 :

CoBank Loan Number(s)	Amount:
RIML0501T23	\$4,394,503.00

The undersigned hereby (please check and complete the appropriate box):

certifies that the Company has remitted \$\_\_\_\_\_ to CoBank, by wire transfer of immediately available funds to CoBank's account identified in the MLA to pay all interest accrued on the Existing RUS Loan(s) through the Closing Date, together with all prepayment premiums, surcharges, and other amounts necessary to discharge all of the Company's obligations to RUS for or on account of the Existing RUS Loan(s) (collectively, the "Additional RUS Payment").

authorizes CoBank to make a draw in the amount of \$ 18,059.15 under that certain Amended and Restated Promissory Note and Committed Revolving Credit Supplement No. RIML0501S9A, as amended dated as of February 18, 2009 (the "Revolving Credit Supplement") to pay the Additional RUS Payment. The draw shall create a loan under the Revolving Credit Supplement and bear interest at the variable rate option provided for in the Interest section of the Revolving Credit Supplement.

Please wire transfer the proceeds of the Loan(s), together with the Additional RUS Payment, directly to RUS. The authorization provided for herein shall be deemed to be a Special Wire and Electronic Transfer Authorization Form within the meaning of the Company's Delegation and Wire and Electronic Transfer Authorization form.

To induce CoBank to make the Loan(s), I hereby certify as follows: (1) upon receipt by RUS of the amount shown above, all of the Company's obligations to RUS for and on account of the Existing RUS Loan(s) will be paid in full; (2) no "Event of Default" (as defined in the MLA or the RUS Mortgage) has occurred and is continuing, and no event which with the giving of notice or lapse of time or both would become an Event of Default (as defined in the MLA or the RUS Mortgage) has occurred and is continuing; (3) each of the representations and warranties set forth in the MLA and the Note and Supplement(s) are true and correct as of the date hereof; and (4) the Company has satisfied all conditions precedent set forth in the Note and Supplement(s) and the MLA to CoBank's obligation to make the Loan(s).

**KENERGY CORP.**

By: John B. Warren II

Name: John B. Warren, II

Title: Chairman of the Board

(Must be signed by an authorized officer  
designated in the Company's borrowing resolutions)

**NOTIFICATION OF REFINANCING  
UNDER SECTION 2.02 OF THE MORTGAGE**

Date: 12/22/11

VIA FACSIMILE TO (202) 720-3330  
Rural Utilities Service  
United States Department of Agriculture  
Washington, DC 20250-1500  
Attention: Brian D. Jenkins, Operations Branch Chief Northern Region

VIA FACSIMILE TO (703) 467-8943  
National Rural Utilities Cooperative Finance Corporation  
20701 Cooperative Way  
Dulles, Virginia 20166-6691  
Attention: Michelle McGhee

Pursuant to Section 2.02 of your RUS Restated Mortgage and Security Agreement (the "Mortgage"), please take notice that **KENERGY CORP.** (the "Company") intends to refinance the loan or loans identified on **Exhibit A** hereto. Such loan or loans (hereinafter, the "loan(s)") were made by the Rural Utilities Service ("RUS") and are secured by the Mortgage. The refinancing loan(s) are being provided by CoBank, ACB ("CoBank") and will be secured under the Mortgage as Additional Notes.

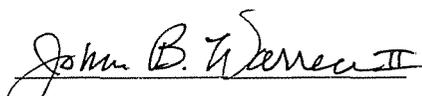
On behalf of the Company and pursuant to the RUS loan contract, I hereby certify that: (1) no "Event of Default" (as defined in the Mortgage) or event which with the giving of notice or lapse of time or both would become an Event of Default, has occurred and is continuing; (2) the amount of the refinancing loan(s), together with any additional payments to RUS from the Company, will be the same as the unpaid principal balance of the loan(s) being refinanced; and (3) the weighted average life of the refinancing loan(s) is not greater than the weighted average life of the loan(s) being refinanced. If you would like a certificate calculating the weighted average lives, please let me know.

CoBank will prepare and circulate for execution a Supplemental Mortgage required to add the refinancing loan(s) as secured loans under the Mortgage. We will contact you to obtain and verify your note information for the exhibit to the Supplemental Mortgage.

Thank you in advance for your cooperation.

Sincerely,

KENERGY CORP.

By:   
Its: Chairman of the Board

**EXHIBIT A**

**DESCRIPTION OF EXISTING RUS LOAN(S) TO BE REFINANCED**

<b>LOAN DESIGNATION</b>	<b>AMOUNT TO BE REFINANCED</b>
1B200	\$1,272,537.47
1B201	\$338.57
1B205	\$1,272,876.28
1B360	\$911,848.57
1B366	\$936,901.66